

**HF 484** – Water Utility Restructure (LSB2070HV)

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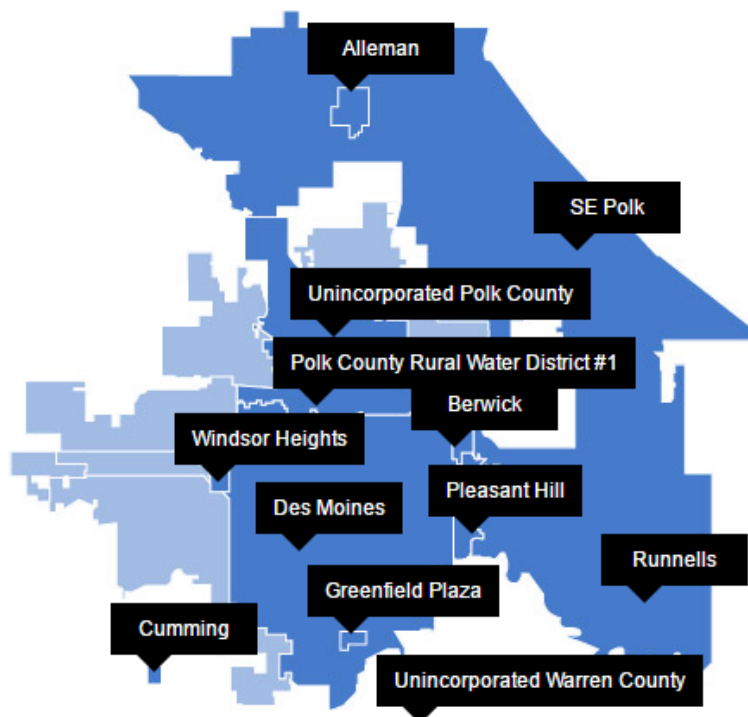
Fiscal Note Version – Revised (Description)

Requested by Representative Mary Mascher

**Description**

**House File 484** relates to the governing of certain water utilities by requiring the discontinuance and dissolution of the board of trustees for those water utilities. For the purposes of this Bill, a water utility is defined as “a city utility that provides water services, that is located in a federally designated standard metropolitan statistical area that has a population greater than five hundred thousand, as shown by the most recent federal decennial census, and that is located entirely within the state.” In the State of Iowa, only the Des Moines metro area metropolitan statistical area (MSA) meets these criteria. Des Moines Water Works, which was established in 1919, services the Des Moines metro area as its primary water utility, as depicted in **Figure 1** below.

**Figure 1: Des Moines Water Works Service Area, 2017**



Source: Des Moines Water Works

House File 484 provides that such boards of trustees will cease to be the governing body of a water utility, and requires city councils of certain cities with a population of at least 39,000 to assume all regulatory duties of the disbanded water utility board. As of the most recent

decennial census, the following cities in the Des Moines metro area would be required to take over administrative and regulatory duties of a water utility upon the disbanding of Des Moines Water Works:

- *Ankeny* – Population: **45,898**
- *West Des Moines* – Population: **57,046**
- *Urbandale* – Population: **39,613**
- *Des Moines* – Population: **204,579**

The Bill, as written, would also require the disbandment of the board of trustees of the existing water utilities of the cities of West Des Moines and Urbandale. The Bill would also affect the city of Ankeny, as it currently cooperates with Des Moines Water Works to regulate its water supply.

Administrative and regulatory duties include but are not limited to the management, control, and operation of all facets of the water utility, including the acquisition of property through lease, sale, condemnation, or other forms of disposition. The Bill also requires that the city manager of a city that assumes all regulatory duties of a disbanded water utility designate a manager of the water supply system for the city, subject to the approval of the respective city council.

Additionally, a water utility, as defined under the Bill, is prohibited from making certain expenditures from the effective date of the Bill to January 1, 2018. House File 484 specifies that under the Bill's proposed provisions, a water utility shall not be restricted or otherwise impaired from performing job-related duties and complying with the terms, conditions, and requirements of State and federal law, and existing Iowa Code chapter [28E](#) agreements and contracts related to the maintenance or improvement of the water utility.

House File 484 takes effect upon enactment.

### **Fiscal Impact**

The fiscal impact cannot be determined. Although the fiscal impact will primarily occur on a local government level, HF 484, as currently written, provides no guidance on how any remaining cash and capital assets, as well as liabilities, will be distributed among individual cities after the dismantling of the existing water utility. **Figure 2** displays a breakdown of the net position of Des Moines Water Works as of December 31, 2015.

**Figure 2: Statement of Net Position**

Des Moines Water Works

As of December 31, 2015\*

**Assets**

Cash	\$	2,669,230
Capital (Net)		296,743,696
Long-Term Investment		4,802,220
Other		20,243,240
<b>Total</b>	<b>\$</b>	<b>324,458,386</b>

**Liabilities**

Net Pension (Incl. in Non-Current)	\$	16,313,350
Other Non-Current		63,740,688
Current		17,665,290
<b>Total</b>	<b>\$</b>	<b>81,405,978</b>

\*CY 2016 data not available at time of publishing.

Source: Des Moines Water Works Financial Report, 2015

The Bill gives no information on how individual cities will work to utilize existing infrastructure and water purchase agreements, making it difficult to estimate any fiscal impact resulting from restructuring employment, or to approximate the benefits of any potential cost-saving measures. At this time, there is not sufficient information to estimate a fiscal impact.

**Sources**

Legislative Services Agency (LSA)  
Des Moines Water Works  
United States Census Bureau

/s/ Holly M. Lyons

March 24, 2017

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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